



**CITY OF LODI
COUNCIL COMMUNICATION**

AGENDA TITLE: Adopt Resolution Authorizing the City Manager to Execute a Professional Services Agreement for Benefits Administration Consulting Services for the City of Lodi with ABD Insurance & Financial Services (HR) (\$25,000)

MEETING DATE: December 20, 2006

PREPARED BY: James Krueger, Deputy City Manager

RECOMMENDED ACTION: Authorize the City Manager to enter into an agreement for Benefits Administration Consulting Services for the City of Lodi with ABD Insurance & Financial Services for a three year term with an administrative option to renew for another one year period.

BACKGROUND INFORMATION: On August 16, 2006, City Council directed staff to prepare a Request for Proposals (RFP) for Benefits Administration Consulting Services and obtain proposals from qualified firms.

The RFP was issued and the availability of this document advertised. Staff sent the RFP to six firms experienced in the insurance and benefits arena. Four firms, all qualified to provide benefits consulting services, responded. After careful review of their written proposals it was determined the most expensive proposal, which significantly exceeded the Benefits Administration budget, should be removed from the process. The three remaining firms were invited to interviews in which they were provided an opportunity to present their knowledge of the industry and any attributes that make them especially qualified to provide services for the City. The interview panel, comprised of James Krueger, Deputy City Manager, Judy Behnke, Human Resources Technician and Cristina Gonzales, Human Resources Administrative Secretary, met and questioned these firms in order to determine which would be the best to meet the City's needs.

The fees that the three finalist firms outlined in their proposals were:

Proposer	Fee
ABD Insurance & Financial Services	\$25,000 annually - includes biannual actuarial services for self funded programs. If at some point the City were to exit CalPERS medical, then an additional \$25,000 would apply.
Bohannon Insurance Group	\$39,000 annually. If at some point the City were to exit CalPERS medical, then fee increases to \$68,750 annually.
Gallagher Benefit Services, Inc.	\$47,000 annually. The fee if the City were to exit CalPERS medical was not specified in this proposal. Biannual actuarial services for self funded programs - \$3,000.

APPROVED: 
Blair King, City Manager

The interview panel carefully evaluated these firms based on all information presented. The panel determined that ABD Insurance and Financial Services was best qualified to serve as the City's benefits administration consultant. ABD is an independent consulting, brokerage and administrative services operation. They are not affiliated with any insurance company, Health Maintenance Organization (HMO), Preferred Provider Organization (PPO) or other benefit vendor. They provide employee benefits services to 152 public sector clients in California, of which 127 are cities. Employee benefits account for 40% of ABD's business.

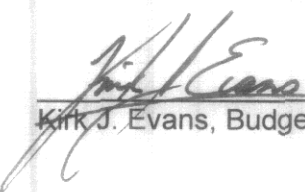
As the City's benefits consultant, ABD will be taking on a very broad range of responsibilities. Fundamentally, they will provide consultation, attend meetings and deliver other services as requested on any matter pertaining to the operation of the City's employee benefit programs. However, their duties will go far beyond this.

Initially, ABD's priority will be to perform a review of those benefit programs which historically have been most costly to the City and make recommendations for maximizing benefits within cost constraints. They will assist in the implementation of any recommended plan changes the City may decide to pursue. They will then perform a review of all other benefit programs and provide the City with recommendations for improvement. They will conduct bi-annual underwriting analyses of all self-insured programs. ABD will also serve as an important communications link with City employees in terms of providing information regarding the structure of various plans, benefits offered, and the meaning of changes to plans as they occur.


In the attached agreement, ABD outlines proposed services at an annual price of \$25,000, which includes biannual services for self funded programs. In the event the City decides to proceed with significant plan changes in the medical benefits arena, ABD's time and resources would be significantly impacted. ABD would propose a plan change implementation service fee schedule on a flat fee basis. If ABD were requested to market and potentially implement an alternative to the CalPERS medical program, ABD would request an additional fee of \$25,000, making total compensation to ABD for that year \$50,000. Should any additional fees be necessary, they will be brought back to City Council for consideration.

FISCAL IMPACT: \$25,000 annually

FUNDING AVAILABLE: All funds necessary to cover the cost of this agreement are available in Benefits Administration – 270201.


Kirk J. Evans, Budget Manager

Respectfully submitted,


James Krueger, Deputy City Manager

CITY OF LODI

CONSULTING AND PROFESSIONAL SERVICES AGREEMENT

THIS AGREEMENT is made at Lodi, California by and between the City of Lodi, a municipal corporation ("CITY"), and ABD INSURANCE AND FINANCIAL SERVICES ("ABD"), a corporation, whose address is 2480 Natomas Park Drive, Suite 200, Sacramento CA 95833, for insurance benefit consultant services.

IT IS AGREED AS FOLLOWS:

I. SERVICES

Subject to the terms and conditions set forth in this Agreement, ABD shall provide to CITY the services described in Exhibit A entitled Scope of Work. ABD shall provide the services at the time, place and in the manner specified in Exhibit A. ABD shall not be compensated for services outside the scope of Exhibit A unless, prior to the commencement of such services: (a) ABD notifies CITY and CITY agrees in writing that such services outside the scope of Exhibit A are to be performed; (b) ABD estimates the additional compensation required for the additional services, and (c) CITY, after notice, approves the additional services and amount of compensation therefore in writing.

No verbal agreement or conversation with any officer, agent or employee of CITY, either before, during or after the execution of this Agreement shall affect or modify any of the terms or conditions contained in this Agreement, nor shall any such verbal agreement or conversation entitle ABD to any additional payment whatsoever under the terms of this Agreement.

II. COMPENSATION

CITY shall pay ABD for services rendered pursuant to this Agreement at the times and in the manner set forth in Exhibit B in an amount not to exceed \$25,000 annually. The payments specified in Exhibit B shall be the only payments to be made to ABD for services rendered pursuant to this Agreement unless, pursuant to Section I above, CITY approves additional compensation for additional services.

ABD will submit quarterly invoices to CITY.

CITY shall not pay any out-of-pocket travel, lodging and incidental expenses incurred by ABD, other than as specified in Exhibit B.

All invoices sent by ABD to CITY shall be paid within thirty (30) days of receipt. All billings that remain unpaid after thirty (30) days shall bear interest until paid at the rate of twelve percent (12%) per annum or the maximum rate allowed by law, whichever is less. If CITY fails to pay any invoice within thirty (30) days and such failure continues ten (10) days after ABD gives CITY notice of such failure, ABD shall have the right to terminate this Agreement immediately without liability to CITY. The right to terminate under the terms of this section shall be in addition to all other legal, equitable, or contractual remedies available to ABD.

III. TERMS AND CONDITIONS OF AGREEMENT

1. Time for Commencement and Completion of Work: ABD shall commence work on January 1, 2007; the contract shall expire on December 31, 2009. Upon mutual agreement of CITY and ABD, there is an administrative option to renew this contract for another one year period commencing January 1, 2010 and expiring December 31, 2010.
2. Advertisements, Permits, Access: ABD represents and warrants to CITY that it has all licenses, permits, qualifications and approvals of any nature whatsoever which are legally required for ABD to practice its profession. ABD represents and warrants to CITY that ABD shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement, any licenses, permits, and approvals which are legally required for ABD to practice its profession.
3. Relationship of Parties, No Third-Party Beneficiaries: ABD is an independent contractor under this Agreement. This Agreement gives no rights or benefits to anyone not named as a party to this Agreement, and there are no third party beneficiaries to this Agreement.
4. Subcontracts: No portion of the work or services under this Agreement shall be assigned, transferred, conveyed or subcontracted without the prior written approval of CITY. Independent contractors and subcontractors shall be provided with a copy of this Agreement and shall agree to be bound by its terms. ABD shall be the responsible party with respect to all actions of its independent contractors and subcontractors, and shall obtain such insurance and indemnity provisions from its contractors and subcontractors as ABD and the City of Lodi Deputy City Manager shall determine to be necessary.
5. Reports and Information: ABD, at such times and in such form as CITY may require, shall furnish CITY with such periodic reports as it may request pertaining to the work or services undertaken pursuant to this Agreement, the costs or obligations incurred or to be incurred in connection therewith, and any other matters covered by this Agreement.
6. No Discrimination: In the performance of this Agreement, ABD shall not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, sexual orientation or medical condition. ABD shall take affirmative action to ensure applicants are employed and that employees are treated during their employment without regard to their race, religion, color, sex, national origin, sexual orientation or medical condition. Such actions shall include, but not be limited to, the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rates of pay or other forms of compensation and selection for training.

7. Insurance Requirements: During the duration of this Agreement, ABD shall maintain the following noted insurance:

<u>Coverage</u>	<u>Required</u>	<u>Not Required</u>
Commercial General Liability	x	
Comprehensive Vehicle Liability	x	
Workers Compensation and Employee Liability	x	
Professional Liability (Errors and Omissions)	x	

A. Minimum Scope and Limits of Insurance: Coverage shall be at least as broad as:

- (1) Insurance Services Office form number CG-0001, Commercial General Liability Insurance, in an amount not less than \$1,000,000 per occurrence \$2,000,000 general aggregate for bodily injury, personal injury and property damage;
- (2) Insurance Services Office form number CA-0001, Comprehensive Automobile Liability Insurance, which provides for total limits of not less than \$1,000,000 combined single limits per accident applicable to all owned/non-owned and hired vehicles;
- (3) Statutory Workers Compensation required by the Labor Code of the State of California and Employers' Liability Insurance in an amount not less than \$1,000,000 per occurrence. Both the Workers Compensation and Employers' Liability policy shall contain the insurer's waiver of subrogation in favor of CITY, its elected officials, officers, agents, employees and volunteers;
- (4) Professional Liability (Errors and Omissions) insurance, appropriate to consultant's profession, against loss due to error or omission or malpractice in an amount not less than \$1,000,000. Architects' and engineers' coverage is to be endorsed to include contractual liability.

B. Deductibles and Self-Insured Retentions: Any deductibles or self-insured retentions must be declared to and approved by CITY.

C. Other Insurance Provisions: The policies are to contain or be endorsed to contain the following provisions:

- (1) General liability and automobile liability coverages;
- (2) CITY, its elected officials, officers, employees, agents and volunteers are to be covered as additional insured as respects: liability arising out of work or operations performed by or on behalf of ABD; premises owned, leased or used by ABD, or automobiles owned, leased, hired or borrowed by ABD. The coverage shall contain no special limitations on the scope of protection afforded to CITY, its elected officials, officers, employees, agents or volunteers.
- (3) The insurance coverage of ABD shall be primary insurance as respects CITY, its elected officials, officers, employees, agents and volunteers. Any insurance or self-insurance maintained by CITY, its elected officials, officers, employees, agents or volunteers shall be in excess of ABD's insurance and shall not contribute with it.

D. Acceptability of Insurers: Insurance is to be placed with insurers with a Bests' rating of no less than A-VII. This requirement may, however, be waived in individual cases provided, however, in no event will a carrier with a rating below B:IX be acceptable.

E. Verification of Coverage: ABD shall furnish CITY with certificates of insurance and with original endorsements affecting coverage required by this clause. The certificates and endorsements for each insurance policy are to be signed by a person authorized by the insurer to bind coverage on its behalf. CITY may withhold payments to ABD if certificates of insurance

and endorsements required have not been provided. The CITY reserves the right to require complete certified copies of all required insurance policies.

F. Indemnity and Hold Harmless: ABD shall indemnify and save harmless CITY, its elected officials, officers, employees, agents and volunteers, and each and every one of them, from and against all actions, damages, costs, liability, claims, losses and expenses of every type and description to which any or all of them may be subjected, by reason of, or resulting from, directly or indirectly, the negligent performance of this Agreement by ABD, whether or not caused in part by passive negligence of the party indemnified hereunder. The foregoing shall include, but not be limited to, any attorneys fees reasonably incurred by CITY.

G. Standard of Performance: ABD shall perform all services required pursuant to this Agreement in the manner and according to the standards observed by a competent practitioner of the profession. All products of whatsoever nature which ABD delivers to CITY pursuant to this Agreement shall be prepared in a professional manner and conform to the standards of quality normally observed by a person practicing the profession of ABD and its agents, employees and subcontractors assigned to perform the services contemplated by this Agreement.

H. Reliance Upon Data, Documents and Records: ABD shall be entitled to rely upon the accuracy and completeness of all data furnished by CITY to ABD that is used by ABD in the providing of services under this Agreement. ABD may retain and use all data furnished to it, except such data which may be marked "confidential" and required to be returned, and may use all plans, designs, specifications and other work product created by ABD in providing services hereunder. Any use of such work product which includes proprietary information shall not identify CITY; nor shall the manner of such use have the effect of identifying CITY.

I. Ownership and Use of Documents and Electronic Media Deliverables: All completed reports and other data or documents, or computer media including diskettes and other materials provide or prepared by ABD in accordance with this Agreement are the property of CITY, and may be used by CITY. CITY shall release, defend, indemnify and hold harmless ABD from all claims, costs, expenses, damage or liability arising out of or resulting from the use or modification of any reports, data, documents, drawings, specifications or other work product prepared by ABD, except use by CITY on those portions of Project for which such items were prepared.

J. Resolutions of Disputes, Attorneys Fees: The laws of the State of California shall govern the interpretation of and the resolution of disputes under this Agreement. If any claim, at law or otherwise is made by either party to this Agreement, the prevailing party shall be entitled to its costs and reasonable attorneys' fees.

K. Termination: CITY shall have the right to terminate this Agreement at any time by giving thirty (30) days' written notice of such termination to ABD. In the event CITY shall give such notice of termination, ABD shall cease rendering services pursuant to this Agreement.

1. In the event CITY shall terminate this Agreement: (a) CITY shall have full ownership and control of all writings which have been delivered by ABD pursuant to this Agreement and all drafts of reports and writings which form the basis for any writing or report which would have been otherwise delivered to CITY pursuant to this Agreement; (b) CITY shall pay ABD the reasonable value of services rendered by ABD pursuant to this Agreement provided, however, CITY shall not in any manner be liable for lost profits which might have been made by ABD had ABD completed the services required by this Agreement. In this regard, ABD shall furnish to

CITY such financial information as in the judgment of the CITY representative is necessary to determine the reasonable value of the services rendered by ABD.

L. Compliance with Laws: ABD shall comply with all applicable laws, ordinances, and codes of the federal, state and local governments.

M. Representatives of the Parties: The CITY representative for this Agreement is James Krueger, Deputy City Manager. All questions pertaining to this Agreement will be referred to the above named person, or the representative's designee.

N. The ABD representative for this Agreement is Terri Ezaki telephone number (916) 566-2827, FAX number (916) 566-2999. All CITY questions pertaining to this Agreement will be referred to the above named person.

O. Notices: All notices, requests, demands and other communications hereunder shall be deemed given only if in writing signed by an authorized representative of the sender (may be other than the representative referred to in Paragraph M above), and delivered by facsimile with a hard copy mailed first class, postage prepaid, or when sent by a courier or express services guaranteeing overnight delivery to the receiving party, and addressed to the respective party as follows:

To CITY: City of Lodi
Attn: James Krueger
Deputy City Manager
221 West Pine Street
Lodi, CA 95241-1910

To ABD: ABD Insurance & Financial Services
Attn: Terri Ezaki
2480 Natomas Park Drive, Suite 200
Sacramento CA 95833

P. Entire Agreement: This document, including all exhibits, contains the entire agreement between the parties and supersedes whatever oral or written understanding they may have had prior to the execution of this Agreement.

Q. Severability: If any portion of this Agreement or the application thereof to any person or circumstance shall be invalid or unenforceable to any extent, the remainder of this Agreement shall not be affected thereby and shall be enforced to the greatest extent permitted by law.

R. Headings, Assignment and Waiver: The headings in this Agreement are inserted for convenience only and shall not constitute a part hereof. Neither party to this Agreement shall assign its duties and obligations hereunder without the prior written consent of the other party. A waiver of any party of any provision or a breach of this Agreement must be provided in writing and shall not be construed as a waiver of any other provision or any succeeding breach of the same or any other provisions herein.

S. Authority: The undersigned hereby represent and warrant that they are authorized by the parties to execute this Agreement. In addition, ABD represents and warrants the following: ABD Services is a corporation, organized under the laws of the State of California; the copies of the documents evidencing the organization of ABD which have been delivered to CITY are true and complete copies of the originals, as amended to the date of this Agreement; Linda Hunter, Executive Vice President, has full right, power and lawful authority to undertake all obligations as provided in this Agreement and the execution, performance and delivery of this Agreement by Linda Hunter has been fully authorized by all requisite actions on the part of ABD Insurance and Financial Services.

T. Date of Agreement: The date of this Agreement shall be the date it is signed by CITY.

IN WITNESS WHEREOF, CITY and ABD have executed this Agreement below:

CITY OF LODI
A Municipal Corporation

Dated: December __, 2006

By: _____
Blair King, City Manager

By: _____
James Krueger, Deputy City Manager

ATTEST:

APPROVED AS TO FORM:

Randi Johl, City Clerk

By: _____
D. Stephen Schwabauer, City Attorney

ABD INSURANCE & FINANCIAL SERVICES
A Corporation

Dated: December __, 2006

By: _____
Linda Hunter, Executive Vice President

Attachments:

Exhibit A - Scope of Work (Proposal)

Exhibit B – Fees



*Response to Request for Proposal
Employee Benefits Consultant/Broker Services*

City of Lodi

Presented by:

Terri Ezaki, Vice President, Employee Benefits

Leean Dessaussois, Account Manager, Employee Benefits

ABD Insurance & Financial Services

2480 Natomas Park Drive

Sacramento, CA 95833

(916) 566-2827

tfe@abdi.com

September 8, 2006

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City of Lodi

Response to Request for Proposal

I. EXECUTIVE SUMMARY

We appreciate the opportunity to compete for the City of Lodi's business. As is our custom with complex projects, we offer this executive summary to simply explain why ABD is the preferred consultant for the City. As will be noted from our response, ABD has significant expertise in the public sector. Furthermore, ABD's associates provide:

- ❖ Established relationships with providers, including "back door" contacts within provider networks to assist with special issues.
- ❖ Expert negotiating skills to get the best possible renewal rates during contract renewals.
- ❖ Current knowledge of educational industry standards for employee benefits, assuring the City remains competitive in offering benefits that will attract and retain employees.
- ❖ Knowledgeable, helpful staff capable of answering employee and employer questions.
- ❖ Credible references from clients within similar industry, utilizing similar services.
- ❖ Innovative, "out of the box" strategic thinking, allowing for creative solutions to problems and new approaches to benefit offerings.

An industry leader and innovator, ABD is widely recognized and respected for its collaborative, client-focused culture and customer support – and, more importantly, being the employer's and employees' advocate. We work with you to deliver creative, cost-effective solutions for your risk management concerns, providing expertise in property & casualty insurance, employee benefits consulting, retirement & financial services, executive benefits, risk control, surety, claims management and personal lines.

ABD provides a unique combination of client services, strategic global market relationships, specialized industry knowledge and focus on results. In addition, we continue to provide the staff expertise, delivering services and systems capabilities of a national brokerage house without losing the best characteristics of a small and entrepreneurial brokerage firm - including direct access by policyholders to top management, personal accountability at all levels, and a business built on long-standing personal relationships with customers, vendors and insurance carriers.

ABD employs the highest quality of individuals and creates teams to specifically support the needs of our clients. The team who has been selected for the City of Lodi has over 175 years of combined industry experience. This team of qualified individuals is committed to service excellence and will ensure that innovative solutions are brought to the City's attention without losing sight of the necessity to remain compliant.

ABD's proven full-service partnership approach is based on a simple, yet critical, principle: we listen to our clients.

Listening intently is critical in establishing and maintaining any business partnership. Surprisingly, many brokers and consultants fail their clients because of their inability to deliver

City of Lodi

Response to Request for Proposal

this basic client service. Our teams focus on gaining the comprehensive understanding of clients' needs and objectives necessary to deliver timely, proactive, and meaningful service. ABD delivers the services our clients ask for, rather than unnecessary services they don't want or need.

While our service approach is thorough, it is extremely flexible, allowing us to meet the unique benefits needs and challenges of each of our client partners.

ABD's client service model is built upon the exceptional talent, experience and work ethic of your account team. ABD has assembled a team that has the experience and qualifications essential to deliver everything required.

Our strong relationships with carriers and vendors are extremely important and provide significant value to our customers. We view carriers not as adversaries, but as an integral piece of our client's employee benefit program. It is imperative that our relationship with carriers is built on trust and respect. By treating carriers fairly, we have the ability to negotiate the best possible deals and obtain assistance where other brokers and consultants may fall short.

By selecting ABD, the City would be working with a firm that has financial strength, management capabilities, knowledge and professionalism while delivering an excellent level of service. ABD associates have the desire to explore creative alternatives that at first glance may not appear to be in the arena of possibilities for the client. In addition, ABD is a proactive firm with brokers who anticipate possible changes in the provider community, cost of benefits, impact of legislative changes and make suggestions to the client before the change becomes mandated. This requires the Broker/Consultant to build a rapport with the client and to understand the personality of the client including tolerance to change, steps needed to make a change, and financial picture of the client. Furthermore, in the municipal environment, ABD has developed the ability to earn the trust of employee groups, thus being able to educate the employees and to explain the rationale behind a proposed change.

ABD will be the City's advocate and will work with the City in its process of selecting, negotiating, implementing and maintaining comprehensive and cost effective health and welfare benefits. Remaining objective and securing the best benefits available in the market remains a key goal of ABD. Providing a level of service that eases the client's administrative burdens will continue to be an increasingly important responsibility in an environment full of budget constraints and cutbacks.

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II. ABD OVERVIEW

Provide background information pertaining to type of organization and specialization including a brief description, length of time in business, number of staff, ownership and/or agency connections with insurance companies or other employee benefit vendors including compensatory arrangements.

ABD fills a unique niche in the California employee benefits consulting marketplace, providing clients with the market leverage of the 15th largest U.S. broker, along with the flexibility and service platform of a local firm. All service, decision-making, and executive management is based in California. This allows us to direct all of our energy and resources to our clients and make important decisions quickly and efficiently.

ABD is not affiliated or owned by any specific insurance company or employee benefit vendor. As a broker/consultant, ABD represents the client's best interest in all matters. Compensation is fully disclosed to each client and is specific to each client. In addition, ABD has some contingency commission arrangements which are also fully disclosed. Please see Section VIII, Exhibit 1 for a copy of our Disclosure Policy.

ABD's broad client base cuts across all industries and runs the gamut from technology to manufacturing, from public entities to agriculture. There is one common thread. Specifically, our clients openly admit that they are "needy." It is ABD's ability to meet and exceed those needs that fosters a valuable partnership with our clients and explains our many long-term relationships.

We listen carefully to our clients' needs and deliver innovative ideas, products, and solutions. ABD is a recognized leader in developing special and proprietary products and programs which help provide either cost savings or enhanced efficiencies for our clients. Two such programs (CyberSure and ABDConnect) were developed and completely subsidized by ABD due to our clients' universal need and our full-service approach to business.

ABD FACTS

- Founded in 1946, ABD has enjoyed 60 years of continuous growth
- ABD ranks as the 15th largest U.S. retail broker
- Multi-line operation, specializing in domestic & international employee benefits, risk management, and retirement plan services
- Annual revenues topping \$150,000,000 and premiums over \$1.65 billion
- Executive management located in Redwood City, California
- ABD has 19 offices, employing 800 employees, located throughout California as well as Reno, Nevada, Scottsdale, Arizona, and Seattle, Washington

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- Regional offices provide all client decision-making, allowing for efficient and quick responses to important issues
- All principals are active in the insurance and financial services business
- 96% client retention rate over the last 5 years [Employee Benefit Services]
- Continuity of service delivered from highly trained teams:
 - 18% of our employees with over 15 years of service with ABD
 - 50% of our employees with over 5 years of service with ABD
 - Turnover rate of 7.8% in 2003
- The Employee Benefits [EB] division generates 30 - 35% of ABD's revenue
- 40% of those EB revenues are generated by clients with multi-site, multi-state needs
- ABD currently has over 2,000 clients, made up of 1,392 Health & Welfare clients
- In March 2002, ABD became a wholly owned and autonomous subsidiary of Greater Bay Bancorp. GBBK is a \$7.5 billion financial institution and is publicly traded on the NYSE.

ABD SPECIALIZED EXPERTISE

- Developed successful purchasing pools and cooperatives for cities for medical, dental, vision, life, AD&D, disability and EAP coverages. These pools and cooperatives provide group insurance programs for over 40,000 employees.
- Labor union expertise – ABD is experienced at obtaining consensus with these groups to structure medium and long term benefit strategies.
- Expertise in multi-state, multi-location employers.
- Full-service consulting includes executive benefits and retirement programs.
- Providing public agencies with compliance consulting services in areas such as GASB 43 and 45, COBRA, Medicare Part D and HIPAA Privacy.
- Specialize in employee and retiree benefit communications. We access and utilize various approaches ranging from open enrollment meetings and health fairs to online access and self help.

SACRAMENTO EMPLOYEE BENEFITS DIVISION

The Sacramento Employee Benefits Services division of ABD is a leading insurance service organization with 17 full-time employees serving over 250 clients, covering more than 76,500 employee lives.

The Sacramento location serves a variety of clients throughout California and the Western United States, providing brokerage, consulting and administrative services for clients who are self-insured, partially self-insured, and fully insured. Client services cover Medical, Dental,

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Vision, Life, Long Term Disability, Short Term Disability, Workers' Compensation, and specialty products such as Executive Benefits, Pension Plans, IRC Section 125 and Flexible Spending Accounts, also providing on-going assistance and guidance for COBRA requirements and other regulations.

For more than a decade, we have consulted for a large number of private and public firms throughout Northern California. Our long-standing relationships with these entities have set us apart from other consultants and brokers. Our experience allows us to easily recognize and provide prompt service identified with the specific aspects of internal procedures such as:

- ◆ Examination of alternative benefit structures and funding options;
- ◆ Union negotiation processes and resulting fast-paced action;
- ◆ Federal and State programs and their influence on specific benefits;
- ◆ Maintaining a strong position in identifying, marketing, and negotiating with carriers;
- ◆ Cooperative purchasing arrangements and their specific nuances.

As advocates of our clients, we are always dedicated to seeking out new services or alternative purchasing methods. To service this end, ABD Insurance and Financial Services has made extensive efforts to secure viable alternative options that will benefit our clients. Programs already in place include several strategic alliances with key insurance carriers in the industry. Because of these special arrangements, ABD is able to offer products, services, and prices that are not accessible otherwise.

The Sacramento staff within ABD is passionate about providing the best possible customer service to our clients, both in thinking outside the box to arrive at creative benefit solutions, and to go the extra mile in providing whatever assistance is needed to the Human Resources staff.

City of Lodi

Response to Request for Proposal

III. CLIENT REFERENCES

Current client list with minimum employee group size of 200 – specifically including public sector agencies when available, the name and address of each client and the name, title and telephone number of each client's benefit manager.

The following chart is a partial list of those clients managed by the ABD Sacramento team proposed to work with the City. For a complete list of ABD's public sector clients, please see Section VIII, Exhibit 2.

Client & Contact Name	Time Period Serviced	# Employees	Insurance Programs
City of Folsom John Spittler, Human Resources Director 50 Natoma Street Folsom, CA 95630 (916) 351-3382 jspittler@folsom.ca.us	2004-present	550	Fully-Insured Medical, Dental, Self-Insured Vision Full Brokerage Services
City of Fairfield Robyn Kain, Benefits & Risk Manager 1000 Webster Street Fairfield, CA 94533 (707) 428-7397 rkain@ci.fairfield.ca.us	1998-present	500	Fully-Insured Medical, Life, STD, LTD and EAP, Self-Insured Dental Full Brokerage Services
City of Chico Dan Fulks, Director of Personnel and Risk Management 411 Main Street Chico, CA 95927 (530) 879-7901 dfulks@ci.chico.ca.us	2006	400	Fully-Insured Medical, Dental, Vision, and Life Full Brokerage Services
City of Pittsburg Marc Fox, Director of Human Resources 65 Civic Avenue Pittsburg, CA 94565 (925) 252-4876 mfox@ci.pittsburg.ca.us	2003-present	200	Fully-Insured Medical, Life, STD, LTD and EAP, Self-Insured Dental Full Brokerage Services

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Response to Request for Proposal

Center Unified School District George Tigner, Director of Personnel 8408 Watt Avenue Antelope, CA 95843-9116 (916) 338-6414 gtigner@centerusd.k12.ca.us	2004-present	600	Fully-Insured Medical, Vision and Life, Self-Insured Dental <i>Full Brokerage Services</i>
Folsom Cordova Unified School District Debbie Bettencourt, Deputy Supt. 125 East Bidwell Street Folsom, CA 95630-3252 (916) 355-1111, ext. 114 dbettenc@fcusd.k12.ca.us	2003-Jan. 2005 Nov. 2005 - present	1,500	Fully-Insured Medical, Dental, Vision, and Life Insurance <i>Full Brokerage Services</i>
Dixon Unified School District Susan Rinne, Chief Business Official 180 South First Street #6 Dixon, CA 95620 (707) 678-5582 srinne@dixonusd.org	1992-present	400	Fully-Insured Medical <i>Full Brokerage Services</i>
North Sacramento School District Doug Marquand, Chief Bus. & Operations 670 Dixieanne Avenue Sacramento, CA 95815 (916) 263-8208 dmarquand@nssd.k12.ca.us	2003-present	675	Fully-Insured Medical, Dental, Vision and Life Insurance <i>Full Brokerage Services</i>

City of Lodi

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IV. SCOPE OF WORK

Provide a description of the firm's ability to provide services outlined in the scope of work, a description of the work to be conducted, and a listing of additional services that will be included without additional cost.

- 1. Review the operation of the City's long-term disability, dental and medical plans from the standpoint of loss ratio, claims expenses, premium generation, provider contracts and other relevant factors.*

ABD believes a key component in delivering client service is achieving a thorough knowledge of a client's goals, both cultural and financial. ABD's full-service approach to partnership with the City is centered on obtaining and maintaining a comprehensive understanding of specific benefit program needs and objectives.

As the City's consultant and partner, the ABD account team will meet with your management team to conduct an in-depth Client Needs Assessment. This discovery process will ensure that ABD fully comprehends the City's current business environment, short and long-term business plans, employee recruitment and retention objectives, decision-making processes, HR staffing and systems capabilities, and benefits goals, while identifying any potential obstacles to current plan administration and/or future plan implementation.

By assisting ABD in a detailed Client Needs Assessment, you will be assured that we understand the City's unique needs and have identified opportunities to further control costs, leverage staff resources, and/or improve benefit plans or administrative systems.

During this process, it may be decided that employee surveys are required in order to determine whether the current benefit plan offerings appropriately meet the needs of your employees. If a survey is required, ABD can administer online surveys to gauge the level of employee satisfaction.

Next, we will apply the knowledge gained from the Client Needs Assessment to develop an Annual Service Plan tailored to meet the needs of the City. Creating a formalized plan will allow the City and ABD to agree on a process to work together with carriers and vendors to design and administer your benefit program.

The Annual Service Plan will solidify our partnership by providing a clear understanding of the respective roles and responsibilities of each partner. The plan will hold ABD accountable for service deliverables by detailing each project, each scheduled management, financial, and service meeting, and the timing of events throughout the plan year. The Annual Service Plan will be designed to adhere to the City's service timetable, but will be flexible enough to accommodate any changes or challenges that may arise.

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Increasing the accuracy of the budgeting process and avoiding unpleasant financial surprises do not result from guesswork. They result from proper planning. Accordingly, a Financial Plan Review of the City's current claims and utilization data will be one of the first responsibilities undertaken from our Annual Service Plan. In addition, we will provide the City with a medical renewal forecast and identify any utilization trends that warrant a need for targeted plan design revisions.

ABD will provide statistical reports reviewing all available utilization data, cost containment data, enrollee distribution, provider status and provide analysis of the data in a time frame that meets the City's needs. All technical information is presented in a straightforward and lucid manner. We are able to summarize usage trends and program element effectiveness into a simple report with detailed backup as appropriate.

2. *Review the availability of alternative long-term disability, dental and medical plan insurers and/or administrators and plan designs in the local market place, make recommendations for maximizing benefits within cost constraints, and assist with implementation of selected recommendations.*

We understand that attracting and retaining a talented workforce at the most competitive cost is a key business goal. Therefore, we will conduct a thorough evaluation of the current benefits program to identify any areas that could be revised or revisited to better meet your recruiting and retention goals and benefits objectives.

Our approach would involve a thorough review of the City's employee group insurance programs to evaluate and comprehend the current situation. A meeting with City representatives to identify program objectives and potential cost containment strategies would follow, concluding with the development of short and long term goals designed to meet the goals set by the City. Such objectives might include:

- Incorporating managed care techniques and cost control planning in order to regulate spending growth;
- Considering emerging benefit trends and products and how they might affect the City's program, including planning for their impact;
- Securing actuarially sound cost projections for actual or hypothetical changes in the healthcare programs;
- Responding to the impact that various government regulations and legislation have on the City's plans;
- Offering employee survey samples that could be used to evaluate the pulse of City employees;
- Assisting in the development of an implementation plan, so any plan changes that occur are effectively communicated to participants.

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In future plan years, our knowledge of well-established and innovative benefits products will enable us to present the City with options that will allow you to offer a cutting-edge, competitive benefits program in a cost-effective manner. Our approach to benefits design will continue to be collaborative, creative and comprehensive each year of our partnership.

Please see the response to Question #7 below for a detailed illustration of how ABD manages the bidding process.

3. Provide ongoing consultation and advice on City coverage including advice on the design of benefit programs relative to changes in employee demographics, legal requirements, impact of taxation, legislation, benefit trends, government programs and mandated benefits, and local market provider availability.

Members of the Brokerage/Consulting Team will work closely with the management and employees to monitor the City's benefit plans. Providing on-going consultation and advice pertaining to the plans is an integral component of our services. As data is available, ABD will review and discuss with the City emerging claim experience results, mid-year renewal forecasts and any new benefit industry or other related industry developments that have the potential to impact the City from a cost or benefit aspect. Additionally, it is important that ABD be notified of any changes within the City that would have the potential to have an effect on the benefits program, thus enabling ABD to provide advice to mitigate any negative consequence.

Working in concert with the City management and other employees or committees is essential in providing comprehensive and accurate advice with respect to health and welfare plans. Providing analysis of the pros and cons of each option serves all interests. The proposed team would also alert the City to any potential legislative changes that could affect policies and programs.

ABD will:

- Inform the City of emerging benefit trends and products and plan for their impact;
- Inform the City of pending government regulations and legislation and respond to the potential effect on the City's plans;
- Provide timely communication materials explaining any significant changes;
- Review carrier contracts to assure current legislation is correctly stated.

ABD also provides regular Legislative Updates to our clients, as well as access to CyberSure, our proprietary website which includes employee benefits and compliance research tools. For a more complete description of these services, please see the response to Question #13 below.

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4. *Attend meetings upon request of the City for the purpose of providing subject matter expertise and reviewing services provided in items 1 through 3 above. Anticipate up to six separate appearances in the first year of contracted services; thereafter, attendance should be limited to two or three meetings per year.*

ABD is willing to attend meetings with the City as a subject matter expert and to review any relevant employee benefits topics and issues.

5. *Provide consultation or other services as requested on any matter pertaining to the operation of the City's employee benefit programs.*

ABD's full service approach includes the spectrum of employee benefit programs. The intent of ABD's service model is to minimize the burden of managing health and welfare benefits. Whether it be education, analysis or bidding programs, ABD is positioned and fully capable of assisting the City and its personnel. If actuarial services are required, ABD will outsource this need to Geoff Kischuk of Total Compensation Systems.

6. *Upon request of the City, potentially upon short notice, produce probable cost of actual or hypothetical changes in one or more of the City's insurance programs.*

ABD will accommodate the City's need to have hypothetical changes priced in an agreed-upon timeframe.

7. *Assist the City with preparation of specifications and requests for proposals to be submitted to prospective carriers/providers of employee benefits.*

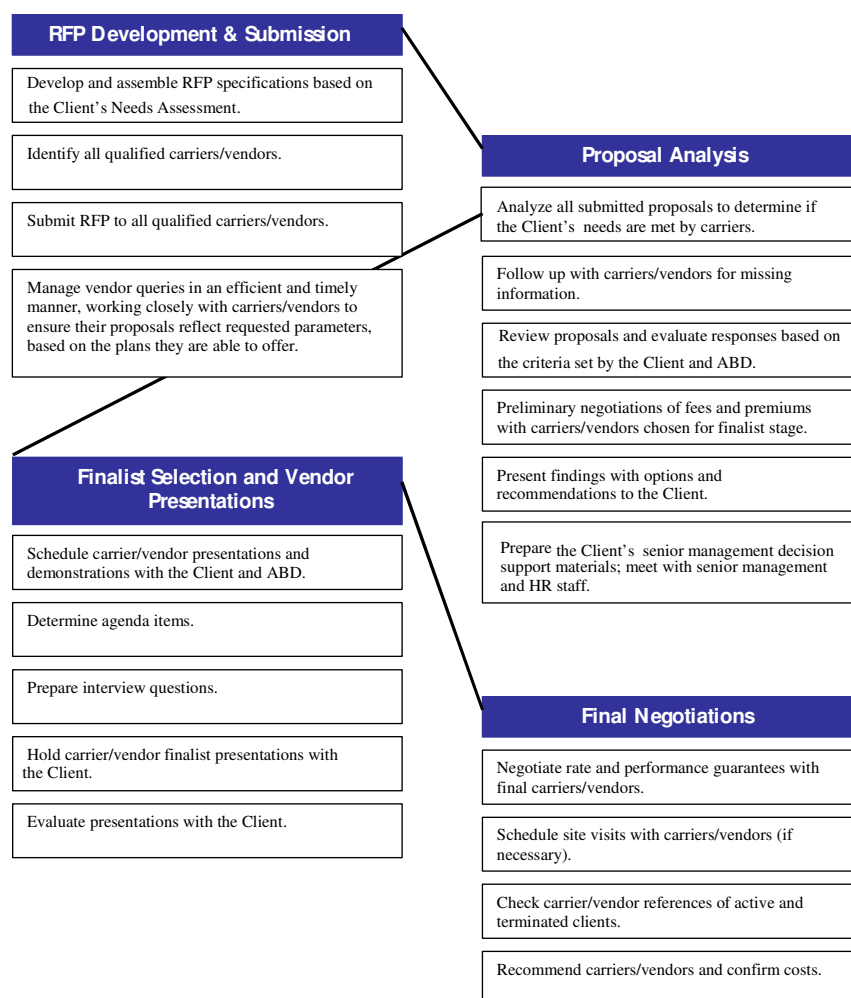
An integral part of ABD's role in working with a client is to manage the renewal and potential bid process. ABD will assemble bid specifications, identify qualified bidders, manage bidder inquiries, analyze and condense submitted proposals, present findings with recommendations, and prepare any type of executive summary that is required. This process would occur annually for plan modifications or renewal bidding.

Once the program components have been evaluated and recommendations made for plan modifications, alternatives would be assessed and developed. We would provide assistance during the implementation of plan changes or modifications to the extent necessary to provide a smooth transition.

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Please see the following chart which outlines the vendor selection process.



8. *Analyze proposals received from carriers in terms of premium, retention, policy provisions, plan design, administrative services, financial strength, claims handling, customer service, and stability of performance.*

Our approach to benefit program design does not deviate from our main service philosophy - it is based upon a three-way partnership between the City, ABD, and each carrier or vendor. Armed with intensive market knowledge, comparative renewal data from other clients, records of service performance issues and robust technical expertise, the City can be comfortable in the knowledge that your ABD account team will be diligent in aggressively negotiating on your behalf to provide a fair and competitive renewal.

Overall, we know that service performance and flexibility are key components of each carrier or vendor relationship. We will assess if the carrier partner is fulfilling the City's appropriate level of satisfaction in these areas on an ongoing basis. When carrier/vendor performance guarantees

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are in place, we will review each area of the agreement to assess whether or not the carrier has met expectations. If they are not performing to the City's standards, we will strategize with you to determine the appropriate course of action at the next renewal.

Together, the City, its Benefit Committee, and ABD will determine whether marketing your benefit plan is warranted based on each carrier's current service performance, administrative or network issues, and/or the City's budget expectations.

We will present the City with a comprehensive renewal report that includes:

- Applicable month-by-month claims data, as available
- Annual Enrollment and Demographic summary
- Detailed renewal rate/cost calculations of insured and/or self-insured plans
- Analysis of IBNR adjustment, if applicable
- Rate history comparisons by plan
- Total Projected Cost comparison by plan and Annual Projected Cost Comparison Roll-Up of all plans (current vs. proposed vs. negotiated vs. options)
- Employee Contribution Modeling / Accrual Rate Calculations
- Summary of Performance Guarantee changes
- Benefit Plan Options
- Overview of current benefits and mandated benefit changes
- Renewal and Open Enrollment Project Timeline

If, in addition, we conduct a marketing project, all applicable information will be included with the renewal report. Please see Section VIII, Exhibit 3 for sample marketing analysis and reports.

9. Monitor, and participate in as necessary, the writing of insurance contracts in corporation with the provider(s) and City.

ABD reviews all insurance contracts for accuracy as part of our renewal process, ensuring they properly reflect eligibility and benefit provisions as agreed upon by the City and the provider.

10. Assist the City in administering its medical, self-insured dental, vision, LTD and life insurance plans; respond to questions from, and provide information to City staff; settle claims disputes; and provide other oversight services during the course of the contract.

ABD understands the importance of smooth ongoing plan administration. Our goal is to provide full support to the City in this regard.

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- We will help facilitate the information flow between carriers and the vendor through the process.
- We will assist in managing the implementation plan with the vendor to carefully ensure that all tasks are being completed in a timely manner.
- We will support the vendor in auditing the system to ensure accurate information is being conveyed to the City.

ABD will monitor the vendors to ensure that processes are being handled correctly and that appropriate auditing is being done to pass data along as accurately as possible. In addition, we will continue to work with the vendor to obtain important reports used to analyze financial and utilization data.

ABD associates consider themselves client advocates whose purpose is to ensure that a member is being treated fairly, expeditiously, and is receiving the appropriate benefits. Any claim dispute is thoroughly investigated before a response is provided. While the determination may not always be favorable, it is not accepted until the facts have been reviewed.

11. Provide monthly eligible billing reconciliation services where appropriate.

ABD serves as the liaison between internal and external systems and processes for our clients in order to ensure that these relationships are as smooth as possible. This helps to maintain the quality and performance of vendor services that our clients deserve and expect. ABD will review monthly billing and eligibility information as needed to resolve any discrepancies between the City and the provider. Generally, the disputes are minimal and are most easily resolved between the client and vendor. However, ABD is willing to intervene when necessary.

12. Participate in the development of a cost containment strategy for the City as required.

Aggressive cost control is a core service provided by ABD. We negotiate multiple-year rate guarantees or rate caps when possible with the carriers to mitigate future benefit cost increases. Additionally, as part of the renewal process, we review all existing contribution strategies and provide alternatives to rebalance cost-sharing between the employer and employees.

13. Advise the City on performance and measurement standards for insurance companies and new trends and developments in the employee benefit field, including state and federal legislation.

Through our solid relationships and market presence, ABD monitors our carrier partners' service levels, financial stability and the accuracy of contracts and other materials provided. This enables our clients to feel confident in the value of services provided. When issues do arise, we address them immediately and serve as your advocate.

ABD's solemn promise to all of our client partners is to remain proactive, efficient, and effective in keeping them abreast of ever changing regulatory and compliance issues. We believe well-informed clients are satisfied clients. Our Employee Benefits department includes well-trained

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benefits professionals dedicated to compliance services delivered under the direction of our in-house ERISA staff attorney.

Our Compliance Department will provide the City with services to help manage and ensure compliance with federal and state legislation. Our Compliance services include, but are not limited to, the following:

Compliance Seminars & Newsletters

ABD routinely conducts legislative seminars in person or via webcast to keep our clients up-to-date on federal and state requirements impacting employee benefits programs. In addition, we host periodic seminars focusing on various developments within the health care industry. Recently, we hosted a series of successful seminars on COBRA compliance as well as on the causes of escalating health care costs and viable cost control alternatives. ABD also provides our clients with monthly newsletters highlighting current benefit trends and explaining proposed or pending legislation and its potential impact on employers.

Review of Plan Documents and Contracts

ABD will review all of the City's contracts, Summary Plan Descriptions (SPDs), and plan documents for welfare and fringe plans. Additionally, we will review plan administrator processes to ensure compliance on a federal and state level.

Federal and State COBRA, HIPAA, FMLA Compliance

Your ABD account team will work with the City's carriers and vendors and/or train your staff in the requirements and administration of COBRA and HIPAA regulations. Our Compliance Department can also provide guidance or training for FMLA.

Section 125 and Flexible Spending Accounts

In addition to reviewing plan document and administrative procedures as stated above, our Compliance Department can also perform non-discrimination testing for the City's Cafeteria Plans and Flexible Plans.

CyberSure

The City's HR staff will have full access to CyberSure, our award winning, 24/7 online employee benefits and human resources database. In addition to legislative updates, CyberSure is home to valuable research and reference materials, market trends, and general product information. It includes:

- an HR Center designed for HR managers to access advice and ideas from Human Resources consultants and Management experts;
- a Human Resources Library housing decision-support tools such as checklists, questionnaires, and surveys for the HR manager;

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- a Benefits Library loaded with everything from summary descriptions to detailed overviews and sample forms on a variety of Employee Benefits topics like Cafeteria Plans, COBRA administration, and HIPAA provisions.

Periodic legislative updates, newsletters pertaining to a broad range of employee benefits and human resources issues, and invitations to various educational seminars are among the services ABD provides as a broker/consultant. See Section VIII, Exhibit 4 for examples.

14. Review and evaluate periodic reports of claims experience and other statistical reports submitted by insurance providers and report findings to the City.

ABD will review periodic claims experience and statistical data for the City to monitor the performance of its benefit programs. We feel it is important for all involved parties to remain informed of the plans' performance to avoid potentially unpleasant surprises at renewal.

15. Conduct bi-annual actuarial analyses of all self-insured programs, including recommendation of appropriate premium rates and liability accounting data to meet GASB reporting requirements.

As part of the renewal process, we review the experience of our clients' self-insured programs and develop projected funding rates when required. For the City, ABD would provide the following items and services:

- A bi-annual written report projecting adequate funding levels for all self-insured plans;
- Evaluation of overall premium levels, cost relationships between plans, and the financial impact of proposed plan changes;
- Recommendations about reserve levels;
- Analysis and reporting to meet GASB requirements.

For more complete actuarial services, we would engage the services of an outside actuarial firm. Geoff Kischuk, Principal of Total Compensation Systems, partners with ABD to provide actuarial services to our clients. Please see Mr. Kischuk's information in Section V.

16. Participate in negotiations with carriers regarding premium rates and conditions and advise the City accordingly.

ABD is fully aware that cost is a key factor in developing any strategic benefits plan and that solid financial management is of critical importance to the City.

ABD specializes in servicing clients of the City's size. Our financial expertise and strong carrier relationships have allowed us to achieve superior cost savings and deliver competitive insurance rates, stop loss, and administrative fees to clients like the City for many years. We can guarantee a comprehensive financial analysis and diligent effort to achieve the most cost savings possible for the City.

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Financial management and analysis of claim and utilization data is a valuable cost control service offered to the City by ABD. Our goal is to monitor and interpret key financial data to guide the City in budget planning, renewal negotiation, and plan design. Our expertise in servicing clients of the City's size allows us to understand the delicate balance you encounter between embracing innovative strategies and finding practical solutions.

Our recommendations will always be based on our determination of the carriers and/or vendors that present the best match for the City's overall objectives, including:

- Evaluation of alternative funding mechanisms based on the City's risk tolerance
- Carrier / Vendor's network access for all benefit plans
- Ability of the carrier / vendor to control costs
- Level of service, including claim and other related service performance guarantees
- Administrative capabilities and flexibility
- Carrier / Vendor's installation resources and track record
- Needed data reporting capabilities and the carrier / vendor's demonstrated quality of care initiatives

The approach taken in negotiating a renewal for a client is to obtain the lowest cost price for the best benefits available but to keep an eye to the future. There is an obligation to ensure the viability and to be able to sustain a benefits package. If the only objective is the lowest cost and other issues are not examined, the benefits package can be unsatisfactory. Furthermore, thoroughly examining the details of the benefits and providers when appropriate is equally as important as the price.

Ultimately, it is ABD's job to exhaust all viable possibilities for a client – including providing an in depth review of any cost change to ascertain whether it is warranted and providing backup to the reasons why. The objective is to partner with a client in obtaining the best possible program at the most cost effective price.

17. Attend, when requested, as a subject matter expert, negotiation sessions between the City and employee bargaining units.

ABD is committed to understanding the needs of clients who are involved in the collective bargaining process, which includes the ability to ask the Broker/Consultant to occasionally participate as a technical expert in negotiation sessions. Our sizable number of municipal clients has given ABD the opportunity to become well-versed in many aspects of labor/management issues and our staff members regularly attend Insurance Committee meetings for various clients in addition to negotiating sessions when requested. ABD personnel assigned to the City's consulting team are experienced in providing technical expertise and

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objective advice in the bargaining environment knowing the information being provided directly affects the decision making process.

Almost without exception, ABD's municipal clients employ the use of Labor/Management committees. The proposed team takes seriously their role as technical experts while maintaining objectivity when working with Labor/Management committees. It is well understood that choices will be recommended and negotiated based on the information provided. Furthermore, it is recognized that a level of trust must be established so that the information presented can be used without a question of integrity. The team being proposed has first hand experience in working in this type of environment.

18. Assist the City in obtaining, preparing and distributing employee benefit plan literature and materials and maintaining inventories of these materials.

From working closely with our client partners, ABD understands the vital importance of conveying the appropriate message to employees about their benefits package. Each communication piece we create combines our vast knowledge of the benefits world with a strong understanding of HR needs and management's desire to generate positive reaction from their employees.

ABD will work with the City and its vendors to develop appropriate benefit plan materials and to maintain inventory as needed.

19. Assist the City in educating employees regarding the features of existing benefit programs, implementing changes to existing programs, or implementing entirely new programs. This includes preparing employee handbooks and/or descriptive literature and attending workshops and meetings as necessary as determined by City staff.

Effective benefits education for employees and advocacy for employee issues require ample time and resources, typically two commodities that an employer can spare the least. We provide extensive assistance in this area. By improving employee understanding of their benefits, we reduce employee inquiries. In addition, we are active and effective advocates for employees when the normal channels of customer service aren't working. By having these burdens taken on by ABD, the Benefits personnel are allowed the time to complete other important tasks. In this way, many of our clients consider our account teams to be an extension of their internal team.

Our highly valued services in this area of expertise are as follows:

Orchestrate Benefit Plan Enrollment & Implementation

During Open Enrollment, your ABD service team will ensure a well-executed and thoroughly managed implementation of any carrier transitions, if applicable. We will instill confidence that the enrollment process will go smoothly and that employees will have the information and tools needed to thoroughly comprehend their benefits and the overall value of their benefits program.

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Our Open Enrollment and implementation services include:

- Work with the Insurance Committee and/or designated personnel to establish Open Enrollment strategy
- Coordinate scheduling and conduct meetings and/or conference calls for Open Enrollment or new plan implementation
- Coordinate with carriers to provide needed benefit plan enrollment materials and meeting representatives, when appropriate
- Draft various employee communication materials (Announcement memos, benefit summaries, decision guides, new plan highlights, etc.) as well as PowerPoint presentation(s)
- Monitor delivery of new ID cards
- Facilitate carrier administrative training meetings
- Provide assistance with Open Enrollment questions/issues

Facilitate Employee Education

Open enrollment meetings, quarterly brown-bag seminars and quarterly benefits communication pieces, where appropriate, can be practical means of educating the City's employees on their benefits program and ways to maintain health. ABD will partner with the City's Personnel Department and Benefits Committee to establish a creative and consistent annual communication strategy and campaign delivered via a variety of media avenues.

We also know that in the twenty-first century, successful communication packages require delivery from a wide variety of media to ensure that the company message is communicated efficiently and effectively. ABD is prepared and equipped to communicate with the City's employees using various media, ranging from paper to electronic, from web conferencing to face-to-face employee group meetings. Examples of our client communications are attached in Section VIII, Exhibit 5.

20. Additional services that will be included without additional cost:

The proposal provided to the City is a full service model. ABD is willing to consult with the City on all matters pertaining to health and welfare benefits, act as a liaison between vendors and the City or individual members, manage the bidding and renewal process, prepare open enrollment materials, as needed, etc. The intent of ABD's services is to minimize the City's burdens in this area.

V. STAFF QUALIFICATIONS

Detail firm's experience and experience of staff member(s) proposed to serve the City.

Linda Hunter, Executive Vice President, is the regional manager for the Sacramento Employee Benefits Division of ABD. She provides oversight and executive level support as needed for all issues related to our clients.

Terri Ezaki, Vice President of Employee Benefit Services, will serve as the City's Lead Consultant, providing general oversight and strategic planning. Terri's experience in the public sector and union environment dates back to 1990. She initially worked with Taft-Hartley Trust plans through her experience with a national managed care company. Terri was introduced to the public sector in 1992 and has continued to develop her expertise on the brokerage/consulting side since 1994. She and her team members provide all materials for insurance committee meetings and serve as experts when needed for bargaining sessions.

Each member understands the importance of providing clear, concise information at all times because the data is used during negotiations. Furthermore, it is understood that health and welfare benefits continue to play an important role in the compensation of employees and the team is sensitive to the fact that these are bargained issues. There is a comfort level with the decision-making process and a respect for each step that needs to be taken. Experience has taught that decisions are made only after all alternatives are fully explored and understood. Currently, Terri and her colleagues work with approximately 20 public sector clients, each with varying numbers of bargaining units. They have developed an ability to build a rapport with both management and labor by providing unparalleled energy in providing the highest level of service and expertise.

Leean Dessaussois, Account Manager, will assist in carrier negotiations, benefit analysis and the presentation and explanation of plan benefits. Leean's experience is unparalleled when it comes to working with public sector clients. With her dogged determination and attention to detail, Leean has assisted her clients with untangling complex billing issues, resulting in streamlined procedures and immediate credits. Leean will be assisted by Tricia Szostak.

Professional biographies for the City of Lodi's core consulting team appear on the following pages. A list of ABD's public sector employers is located in Section VIII, Exhibit 1.

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The account service team who would be working directly with the City's personnel is listed below:

<i>Team Member</i>	<i>Contact Info.</i>	<i>Responsibilities</i>	<i>Years Experience</i>
Linda Hunter Executive Vice President	Ph: 916-566-2802 Fax: 916-566-2999 lmh@abdi.com	Has ultimate responsibility for all aspects of the Sacramento Employee Benefits Division. Is involved in upper-level strategic, key and financial issues.	30
Terri Ezaki Vice President	Ph: 916-566-2827 Fax: 916-566-2999 tfe@abdi.com	Has ultimate responsibility for the delivery of all ABD services. Directs the Account Team. Involved in strategic, key and financial issues.	24
Julie Thorstensen Account Executive	Ph: 916-566-2880 Fax: 916-566-2999 jlt@abdi.com	Responsible for daily account management with particular focus on strategic planning, renewal negotiations, plan marketing, financial analysis & contract review.	24
Leean Dessaussois Account Manager	Ph: 916-566-2831 Fax: 916-566-2999 lmd@abdi.com	Works collaboratively on administrative issues, claims resolution, communication, enrollment and marketing.	23
Tricia Szostak Account Coordinator	Ph: 916-566-2858 Fax: 916-566-2999 psz@abdi.com	Works collaboratively with the rest of team members on a variety of functions.	20
Kristine Blanco, Esq. Compliance Manager	<i>Available via Sacramento account team</i>	Provides oversight in the review and necessary remediation of all health and welfare compliance matters.	7
Diane Christian, CEBS Marketing Analyst	<i>Available via Sacramento account team</i>	Works collaboratively with account team members to market benefit plans and develop competitive benefit package options.	13
Sidney DiDomenico Technology Consultant	<i>Available via Sacramento account team</i>	Works collaboratively with account team members to implement online services for clients.	18
Geoff Kischuck, FSA, MAAA, FCA - Total Compensation Systems	<i>Actuarial Support</i>	Works with account team to provide actuarial analyses of clients' benefit plans as needed.	16

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Linda Hunter ♦ Executive V.P., Employee Benefit Services

Professional Highlights:

Prior to forming Total Benefit Solutions as the result of a 1995 merger with A.S. Benz and Associates, Linda was President of her own company, Compensation Planning Group, for ten years. She has been instrumental to clients for over thirty years in evaluating and implementing all aspects of employee benefits including Employee Assistance Programs, establishing annual Health Fairs, coordinating and communicating Flexible Benefits programs and offering voluntary benefits such as Long Term Disability, Supplemental Life and Long Term Care.

Areas of Expertise:

As a result of her extensive experience in the industry, Linda is thoroughly familiar with and knowledgeable in all facets of underwriting, plan design, benefits communication and benefit administration. She has extensive experience with all funding mechanisms including minimum premium, Administrative Services Only and Cost Plus funding arrangements and carrier negotiation. Her wide range of professional experience allows her to provide our clients with the expertise required to implement and maintain an employee benefits program that achieves each employer's goals and objectives.

Qualifications / Industry Activities:

- 30 years industry experience.
- State Licensed for Life, Disability, Health Insurance.
- Long Term Care Certification.
- California State University.
- Risk Management, Section 125 Flexible Benefit Plans, COBRA Laws Capitation Contracts, Employee Benefit Law certificates.
- Past President, Sacramento Association of Health Underwriters (SAHU).
- Member, Board of California Health Underwriters Association.
- Past President, Greater Sacramento Employee Benefits Counsel.
- National Association of Health Underwriters (NAHU) member.
- Sacramento Association of Life Underwriters (SALU) member.
- Past member of the Foundation Board of the Stanford Home.
- Annual Guest Lecturer - CSUS Upper Division Insurance Department courses.
- Life member of Who's Who, National Registry.
- Named to Elite Who's Who of Outstanding Female Executives, 2000.
- Member, Board of Big Brothers/Big Sisters of Sacramento.

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Terri Ezaki ♦ Vice President, Employee Benefit Services

Professional Highlights:

Terri Ezaki has over twenty-four years of experience in the healthcare industry. Her combined industry experience provides Terri with the foundation for a well-rounded ability to be an effective advocate for the clients she represents at ABD Insurance and Financial Services. She has been employed with ABD Insurance and Financial Services (formerly Total Benefit Solutions) since November 1994.

Areas of Expertise:

Terri's management skills and contributions include an ability to efficiently resolve critical issues, provide informed and objective counsel regarding all aspects of carrier selections and negotiations and direct the implementation and marketing of new programs. Her extensive carrier and provider knowledge make her instrumental in the decision making process our clients go through to in order to seek change. Her dedication and determination in meeting clients' needs has won her the respect of her clients and professional peers.

Qualifications and Community Activities:

- 24 years industry experience.
- State Licensed for Life, Disability, Health Insurance.
- Long Term Care Certification.
- B.S., Business Management, Golden Gate University, 2002.
- Continuing Education in COBRA, Capitation Contracts, Medicare.
- Working towards completion of the Certified Employee Benefit Specialist (C.E.B.S.) designation.
- Former Sacramento Association of Health Underwriters (SAHU) Board Member.
- 1998 CASBO Conference Leisure and Transportation Chairperson.
- 1998-99 Associate Member Liaison, CASBO Sacramento Section.
- Former board member of the Greater Sacramento Employee Benefits Council.
- Previous broker advisory participant for Omni and PacifiCare.
- Sacramento Junior League member.

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Julie Thorstensen ♦ Account Executive

Professional Highlights:

Julie Thorstensen has over twenty-four years of experience in employee benefits and the health care industry. Julie started her career with a major life insurance carrier where she developed a strong background in customer service, administration and brokerage services in addition to understanding the principles of the disability and life contracts. To expand on the employee benefits knowledge she then worked for Compensation Planning Group coordinating the marketing, underwriting, carrier negotiations, benefits auditing and analysis reviews on behalf of her insured and self-funded clients. This knowledge has been carried forward with the merger of Compensation Planning Group to Total Benefit Solutions and then to ABD.

Areas of Expertise:

Julie primarily works the Private Sector of the marketplace, with a client base ranging from the small employer to the large employer (1-40,000+) and association business. The mixed client base gives rise to expertise in all facets of the employee benefit programs as well as the laws and regulations governing the plans. Her industry and market knowledge combined with the determination to meeting her clients' needs is instrumental in obtaining new as well as retaining existing business.

Qualifications / Industry Activities:

- 24 years industry experience.
- State Licensed for Life, Disability, Health Insurance.
- Long Term Care Certification.
- California State University.
- Working towards completion of the Certified Employee Benefits Specialist (CEBS) designation.
- Former member of Greater Sacramento Employee Benefits Council.
- Technical Forum Committee for GSEBC – 2 years.
- The International Foundation of Employee Benefits Council member.
- Sacramento Association of Health Underwriters (SAHU) member and volunteer.

City of Lodi

Response to Request for Proposal

Leean Dessaussois ♦ Account Manager

Professional Highlights:

Ms. Dessaussois has 23 years experience in the employee benefits industry working with large and small third party administrators. Leean has been gaining experience in the employee benefits and health care industries since 1984. She has extensive experience with both public and private sector large groups. As Account Manager, she assists in carrier negotiations, benefit analysis and the presentation and explanation of plan benefits to clients and employees.

Areas of Expertise:

Leean has extensive experience working with all aspects of the administration of health plans-- billing, eligibility, premium accounting, and claims adjudication. In addition, Her responsibilities of presenting and explaining benefits and plan designs to employees as well resolving difficult claim, eligibility and billing issues have transitioned nicely to her current position as an advocate for employer groups.

Qualifications & Activities:

- 23 years industry experience.
- B.A., California State University, Sacramento.
- Certificate of Award from the Health Insurance Association of America for Group Life and Health Insurance Parts A, B, and C.
- State Licensed for Life, Disability, Health Insurance.
- Working towards completion of the Certified Employee Benefit Specialist (C.E.B.S.) designation.

City of Lodi

Response to Request for Proposal

Tricia Szostak ♦ Account Coordinator

Professional Highlights:

Tricia has broad knowledge and experience in Managed Care. She has worked in insurance claim offices holding positions from customer service representative and claims examiner to billing and eligibility management. She has worked with employer groups, developing strong business relationships due to her dedication and ability to resolve issues and answer questions quickly and accurately.

Areas of Expertise:

Tricia can present benefits and plan designs in a clear and concise manner to employees. She has a strong background in resolving claim, eligibility and billing issues and can assist employer groups in many areas.

Qualifications & Activities:

- 20+ years experience in Managed Care.
- State Licensed for Life, Disability and Health Insurance (in progress).

City of Lodi

Response to Request for Proposal

Diane Christian, CEBS ♦ Marketing Analyst

Professional Highlights:

Diane Christian has over twelve years of experience in the employee benefits industry. As Marketing Analyst, Diane works with our account staff and the insurance carriers to develop comprehensive, competitive options for our clients. Ms. Christian has been employed by ABD Insurance and Financial Services since September, 1997.

Areas of Expertise:

Previous experience in account management for both public and private sector clients has given Diane valuable knowledge necessary to succeed in her position. As our primary liaison to many carrier representatives, Diane has built relationships helpful in finding creative benefit options for our clients. Her organizational abilities enable Diane to efficiently and effectively provide information in a manner that is meaningful to our clients.

Qualifications / Community Activities:

- 12 years industry experience.
- B.A., Political Science, University of California, Berkeley.
- Certified Employee Benefits Specialist (C.E.B.S.).
- State Licensed for Life, Disability and Health Insurance.
- Health Insurance Associate (H.I.A.), Managed Healthcare Professional (M.H.P.), and Health Care Anti-Fraud Associate designations from AHIP, previously HIAA.
- Long Term Care Certification.

City of Lodi

Response to Request for Proposal

Kristine Blanco, Esq. ♦ Compliance Manager

Professional Highlights:

Ms. Blanco practiced law for seven years before joining ABD in April, 2006. Previously employed by Seyfarth Shaw LLP, a national, management-side labor and employment law firm, she was a member of the Employee Benefits/ERISA litigation practice group and represented employers, ERISA plans, plan administrators, and church plans in state and federal courts. She also provided advice and counsel to employers on a wide range of employment issues including hiring and termination procedures, leave policies, harassment and discrimination prevention, and administration of employee benefits. Kristine was a frequent speaker on these topics, including recent presentations on domestic partnership law, employee discharge and discipline, leave laws, and a year-end review of relevant court decisions.

Qualifications:

- B.A., International Relations, University of California, Davis.
- J.D., University of Arizona.
- Member of the Sacramento County Bar Association Labor & Employment Law section.
- Board Member, Sacramento County Bar Association Barristers' Club.
- Past Board Member, Boys and Girls Club of Greater Sacramento.
- Licensed to practice law in California and North Carolina.

City of Lodi

Response to Request for Proposal

In addition to the core account service team assigned to the City of Lodi, the following individuals are available to provide assistance as needed:

Sidney DiDomenico, Technology Consultant

Ms. DiDomenico is responsible for working with ABD's account service staff and clients in developing and implementing online tools for the benefit of both Human Resources staff and the employee population. She serves as a liaison with our clients to design customized benefit communication platforms and self-service online vehicles. Additionally, Ms. DiDomenico sits on an advisory committee for BenefitPoint, the industry's premier centralized internet database.

Geoff Kischuk, Principal, Total Compensation Systems

Mr. Kischuk has been the principal of Total Compensation Systems for 16 years. He specializes in health actuarial services and has done extensive work with California public employers.

City of Lodi

Response to Request for Proposal

VI. COMPENSATION

Schedule of compensation based on a three (3) year agreement with renewal to be negotiated. Compensation shall be structured as follows:

- a) *Consulting services – proposed maximum annual fee for services rendered as outlined in the Scope of Work.*

ABD Insurance and Financial Services agrees to accept the annual fee of \$25,000 as full remuneration for performing all services and furnishing all staffing and materials necessary for fulfillment of the duties outlined including travel expenses unless stated otherwise.

The fee has been calculated using the following assumptions:

1. Six (6) meetings held Year One; three (3) meetings held Year Two;
2. Each meeting will require 4-5 hours including travel.

- b) *Plan Change Implementation services – in the event the City decides to proceed with significant plan changes – particularly in the medical benefits arena – the broker may be required to provide additional research, meeting times, presentations, and staff hours to ensure successful implementation. The broker shall identify the types of benefits plan changes which will require these fees, and shall propose a Plan Change Implementation services fee schedule – flat fee basis only.*

If ABD were requested to market and potentially implement an alternative to the CalPERS medical program, ABD would:

- Work with the City to gather census data to bid the medical program;
- Compile results in a format that will provide for the best results during the market process;
- Prepare agreed upon bid specifications to include:
 - Benefits to mimic current CalPERS medical (e.g. HMO with PPO alternatives)
 - PPO only programs
 - Exploration of partial funding and fully insured options
- Compile results in a format that can be presented to the City's management and respective bargaining groups;
- Comparison of provider networks, benefits and costs would be completed;
- Prepare materials for meetings that will assist with the understanding of the CalPERS program and what it would mean to leave CalPERS;
- If requested, explore administrators who would replace the current ACE system and retiree billing;
- Implement any changes in tandem with City personnel.

City of Lodi

Response to Request for Proposal

It is anticipated that a minimum of seven (7) meetings would take place prior to a decision being made. If the City decided to exit CalPERS, an additional minimum of three (3) meetings would take place.

For the services described, ABD would request an additional fee of \$25,000, making total compensation to ABD \$50,000.

c) Biannual actuarial study for self-insured programs – flat fee basis only.

Funding projections will be included. If services require an actuary, the fee will be on a pass-through basis. Based on the Scope of Services, it is not anticipated that actuarial services will be required.

d) For services rendered to the City, the broker may be entitled to commission and service allowances paid by insurance carriers in connection with the City's insurance programs. However, any such commission or service allowance shall serve to offset the maximum annual fee.

ABD agrees to collect commissions to offset the agreed upon annual fee in (a). An annual reconciliation would occur no later than three (3) months following anniversary.

VII. LIABILITY COVERAGE

Identify type and coverage amounts for firm's own liability coverages, errors and omissions policy, and workers' compensation.

A copy of ABD's current insurance certificate for general liability, errors and omissions, and workers' compensation coverage is located in Section VIII, Exhibit 6.

VIII. EXHIBITS

ABD Compensation Disclosure

ABD Public Sector Client List

Marketing Analysis & Report Samples

Technology Tools:

 CyberSure Overview

 Legislative Update

 ABD Connect Overview

Sample Communication Materials

ABD Certificate of Liability Insurance

**EXHIBITS ARE AVAILABLE FOR REVIEW IN THE CITY OF LODI HUMAN
RESOURCES DEPARTMENT**

EXHIBIT B

Schedule of compensation based on a three (3) year agreement with renewal to be negotiated. Compensation shall be structured as follows:

- a) *Consulting services – proposed maximum annual fee for services rendered as outlined in the Scope of Work.*

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The fee has been calculated using the following assumptions:

1. Six (6) meetings held Year One; three (3) meetings held Year Two;
2. Each meeting will require 4-5 hours including travel.

- b) *Plan Change Implementation services – in the event the City decides to proceed with significant plan changes – particularly in the medical benefits arena – the broker may be required to provide additional research, meeting times, presentations, and staff hours to ensure successful implementation. The broker shall identify the types of benefits plan changes which will require these fees, and shall propose a Plan Change Implementation services fee schedule – flat fee basis only.*

If ABD were requested to market and potentially implement an alternative to the CalPERS medical program, ABD would:

- Work with the City to gather census data to bid the medical program;
- Compile results in a format that will provide for the best results during the market process;
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- Compile results in a format that can be presented to the City's management and respective bargaining groups;
- Comparison of provider networks, benefits and costs would be completed;
- Prepare materials for meetings that will assist with the understanding of the CalPERS program and what it would mean to leave CalPERS;
- If requested, explore administrators who would replace the current ACE system and retiree billing;
- Implement any changes in tandem with City personnel.

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Funding projections will be included. If services require an actuary, the fee will be on a pass-through basis. Based on the Scope of Services, it is not anticipated that actuarial services will be required.

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ABD agrees to collect commissions to offset the agreed upon annual fee in (a). An annual reconciliation would occur no later than three (3) months following anniversary.

RESOLUTION NO. 2006-225

A RESOLUTION OF THE LODI CITY COUNCIL
AUTHORIZING THE CITY MANAGER TO EXECUTE A
PROFESSIONAL SERVICES AGREEMENT WITH ABD
INSURANCE & FINANCIAL SERVICES FOR BENEFIT
ADMINISTRATION CONSULTING SERVICES

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NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Lodi hereby authorizes the City Manager to execute a Professional Services Agreement with ABD Insurance & Financial Services for benefit administration consulting services; and

BE IT FURTHER RESOLVED that this contract shall not exceed the amount of \$25,000.

Dated: December 20, 2006

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I hereby certify that Resolution No. 2006-225 was passed and adopted by the City Council of the City of Lodi in a regular meeting held December 20, 2006, by the following vote:

AYES: COUNCIL MEMBERS – Hansen, Hitchcock, Katzakian, Mounce,
and Mayor Johnson

NOES: COUNCIL MEMBERS – None

ABSENT: COUNCIL MEMBERS – None

ABSTAIN: COUNCIL MEMBERS – None


RANDI JOHL
City Clerk